

Received

SEP 18 2014

Gambling Commission
Comm. & Legal Division

STATE OF WASHINGTON
GAMBLING COMMISSION

In the Matter of the Suspension of the)
License to Conduct Gambling Activities of:) No. CR 2013-02328
)
NRT Technology Corp.) SETTLEMENT ORDER
Toronto, Ontario, Canada,)
)
Licensee.)
_____)

The Washington State Gambling Commission ("Commission") and NRT Technology Corp. ("NRT" or "Licensee") have entered into this Settlement Order to resolve administrative charges. Gregory J. Rosen, Assistant Attorney General, and Arlene Dennistoun, Staff Attorney, represent the Commission. David Malone, Attorney at Law, Miller, Malone & Tellefson, represents the Licensee.

I.

The Commission issued NRT, organization number 20-00188, the following license:

Number 20-00188, authorizing Class "E" Manufacturing activity.

The license expires on June 30, 2015, and was issued subject to the Licensee's compliance with state gambling laws and rules.

II.

The Director of the Commission issued a Notice of Administrative Charges and Opportunity for an Adjudicative Hearing on February 12, 2014, seeking the suspension of NRT's license to conduct gambling activities. Commission staff received the Licensee's request for a hearing on February 25, 2014. The Commission alleged the following summary of facts and violations in the Notice of Administrative Charges:

SUMMARY:

NRT Technology Corp. (NRT) failed to prevent unlicensed persons from accessing and servicing gambling equipment in Tribal casinos since 2012, and failed to timely submit new or updated information or contracts related to gambling activity. NRT used Class III certified employees¹ to access and service equipment in Tribal casinos.

¹ The Gambling Commission issues Class III certifications to employees working at Tribal casinos. The certifications are similar to Card Room Employee (CRE) licenses issued to persons working at commercial house-banked card rooms. Holders of Class III certifications may convert their certifications to CRE licenses by submitting a transfer form and fees to Gambling Commission licensing staff.

ADDITIONAL FACTS:

In lieu of amending the Notice of Administrative Charges, the Licensee agrees with the facts contained in the Notice of Administrative Charges, in addition to the following facts found after the initial investigation:

In addition to allowing unlicensed Wincor employees to service the Licensee's TLS kiosks, the Licensee also allowed employees of NRT Technologies, Inc., an unlicensed distributor, and wholly owned subsidiary, to do the same.

The Licensee failed to timely submit reports reflecting its gambling related sales and services. Between 2012 and 2013, the Licensee filed activity reports reflecting no sales or services performed. After the agent discovered the Licensee allowed unlicensed employees to service gambling equipment connected to TLS machines, she also found the Licensee had failed to report revenue on its activity reports. The Licensee has since filed amended activity reports.

The Licensee exceeded its license class in 2012 and 2013. The Licensee applied for, and renewed its manufacturer's license at a class "B" level, and should have renewed at a class "E" level, based on its amended activity reports. The Licensee has since upgraded its license class level from a "B" to an "E."

- *The Licensee reported gross receipts of \$1,656,852 for the 2012 reporting period, exceeding the \$250,000 maximum for class "B" manufacturers by \$1,406,852.*
- *The Licensee reported gross receipts of \$751,068 for the 2013 reporting period, exceeding the \$250,000 maximum for class "B" manufacturers by \$501,068.*

VIOLATIONS:

1) RCW 9.46.075 Denial, suspension, or revocation of license

The Commission may deny an application, or suspend or revoke any license or permit issued by it, for any reason or reasons, it deems to be in the public interest. These reasons shall include, but not be limited to, cases wherein the applicant or licensee, or any person with any interest therein: (The following subsections apply)

(1) Has violated, failed or refused to comply with the provisions, requirements, conditions, limitations or duties imposed by chapter 9.46 RCW and any amendments thereto, or any rules adopted by the Commission pursuant thereto, or when a violation of any provision of chapter 9.46 RCW, or any Commission rule, has occurred upon any premises occupied or operated by any such person or over which he or she has substantial control.

(2) Knowingly causes, aids, abets, or conspires with another to cause, any person to violate any of the laws of this state or the rules of the Commission.

(7) Makes a misrepresentation of, or fails to disclose, a material fact to the commission.

2) WAC 230-03-085 Denying, suspending, or revoking an application, license
We may deny, suspend, or revoke any application, license or permit, when the applicant, licensee, or anyone holding a substantial interest in the applicant's or licensee's business or organization:

(The following subsections apply)

(1) Commits any act that constitutes grounds for denying, suspending, or revoking licenses or permits under RCW 9.46.075.

(3) Has demonstrated willful disregard for complying with ordinances, statutes, administrative rules, or court orders, whether at the local, state, or federal level.

(7) Fails to provide us with any information required under commission rules within the time required, or, if the rule establishes no time limit, within thirty days after receiving a written request from us.

(8) Poses a threat to the effective regulation of gambling, or creates or increases the likelihood of unfair or illegal practices, methods, and activities in the conduct of gambling activities, as demonstrated by: (a) Prior activities.

3) WAC 230-06-080(2)(b) Report changes to application information and submit updated documents and information.

(2) Licensees must submit to us any new or updated documents and information within thirty days of the effective date of the document or information, including the following:

(a) Articles of incorporation or bylaws, or any other documents which set out the organizational structure and purposes; and

(b) All oral or written contracts and agreements which relate to gambling activities or alter the organizational structure of the licensee's organization or business activities in Washington.

The Licensee failed to timely submit its contract with Wincor, violating WAC 230-06-080(2)(b). Grounds, therefore, exist to suspend NRT Technology Corp.'s license under RCW 9.46.075 (1) and (7) and WAC 230-03-085 (1), (3), (7) and (8).

4) WAC 230-16-001 Manufacturers, distributors, and gambling service suppliers must ensure representatives are licensed.

(1) A licensed manufacturer, distributor, or gambling service supplier must not allow an unlicensed person to sell, promote, or provide its gambling equipment, or supplies, or to supervise those who do, and must take all measures necessary to prevent an unlicensed person from doing so.

NRT, a state licensed manufacturer, knowingly used Wincor as a subcontractor to service their TIS kiosks since at least 2012 and knew neither Wincor nor its employees were licensed or certified to do so. NRT submitted incorrect license applications twice for the same employee in June and July 2013, knowing Wincor and its employees had to be certified and licensed based on

the level of access and service they performed on gambling equipment connected to TLS machines. In October 2013, the Licensee informed Commission licensing staff that Wincor refused to apply for a license. The Licensee continued to allow Wincor employees to service and access its TLS kiosks.

In addition to allowing unlicensed Wincor employees to service the Licensee's TLS kiosks, the Licensee also allowed employees of NRT Technologies, Inc., an unlicensed distributor, and wholly owned subsidiary, to do the same. The licensee's conduct violated WAC 230-16-001. Grounds, therefore, exist to suspend NRT Technology Corp.'s license under RCW 9.46.075 (1) and (2) and WAC 230-03-085 (1), (3) and (8).

5) WAC 230-16-220 Activity reports by manufacturers and distributors.

Manufacturers and distributors must submit activity reports to us twice a year for sales and services related to gambling activities. The activity reports must be in the format we require and must:

- (1) Cover the periods:
 - (a) January 1 through June 30; and
 - (b) July 1 through December 31; and
- (2) Be received at our administrative office or postmarked no later than thirty days following the end of the reporting period; and

The Licensee failed to timely submit timely reports reflecting its gambling related sales and services. Between 2012 and 2013, the Licensee filed activity reports reflecting no sales or services performed. After the agent discovered the Licensee allowed unlicensed employees to service gambling equipment connected to TLS machines, she also found the Licensee had failed to report revenue on its activity reports. The Licensee has since filed amended activity reports; however, the Licensee's conduct violated WAC 230-16-220. Grounds, therefore, exist to suspend NRT Technology Corp.'s license under RCW 9.46.075 (1) and (7) and WAC 230-03-085 (1), (3), (7) and (8).

6) WAC 230-06-130 Exceeding license class.

- (1) Licensees must not exceed the gross gambling receipts limits for their license class during any annual license period.
- (2) Licensees must apply a projection of year-to-date receipts to the remaining period of their license and, if it indicates that it is reasonably likely that they may exceed their license, they must immediately:
 - (a) Apply for a license that authorizes the anticipated level of gross gambling receipts; and
 - (b) Submit the fee required for the new license, minus the amount originally submitted for the previous license, plus a change of classification fee.

III

III

7) WAC 230-06-135 Failing to apply for a license upgrade.

(1) If licensees fail to apply for a license class upgrade and exceed the license class limit within a present or previous license year, we assess an additional fee. We charge an additional fee of up to fifty percent of the difference between the fee for the present license class and the new license class, or one thousand dollars, whichever is less.

(2) Licensees must pay any required license class upgrade fee, plus any additional fee required by subsection (1) of this section, within thirty days of our notification.

(3) Failure to pay the fees may result in an immediate summary suspension of all licenses.

Between 2009 and 2013, the Licensee applied for, and renewed its manufacturer's license at a class "B" level, which allowed the Licensee up to \$250,000 in annual gross sales. The Licensee exceeded its license class in 2012 and 2013. The Licensee has since upgraded its license class level from a "B" to an "E."

- The Licensee reported gross receipts of \$1,656,852 for the 2012 reporting period, exceeding the \$250,000 maximum for class "B" manufacturers by \$1,406,852.
- The Licensee reported gross receipts of \$751,068 for the 2013 reporting period, exceeding the \$250,000 maximum for class "B" manufacturers by \$501,068.

The Licensee violated WAC 230-06-130 and WAC 230-06-135, and grounds, therefore, exist to suspend NRT Technology Corp.'s license under RCW 9.46.075 (1) and (7) and WAC 230-03-085 (1), (3), (7) and (8).

III.

1) The Licensee acknowledges that it received the Notice of Administrative Charges, and has knowingly waived its right to a hearing, based on the terms and conditions of this Settlement Order.

2) The Licensee has since upgraded its license class, paying exceeding license class fees of \$5,374, and \$30,000 in investigative costs.

3) The Licensee has implemented policies and procedures for licensing and certification to help ensure future compliance with Commission rules and gambling laws.

3) The Licensee's gambling license is suspended for twenty days. However, under RCW 9.46.077, the Licensee has chosen to vacate all twenty days of the suspension by paying a fine of \$21,455, which represents 50 percent of the Licensee's approximate daily average revenue for 20 days, as reported by the Licensee to the Commission. The Licensee also agrees to reimburse the Commission for its investigative and administrative costs of \$7,358. The Licensee must pay the total penalty of \$28,813 by September 23, 2014.

4) The signed Settlement Order and total penalty must be received by Commission staff by September 23, 2014, and mailed to Commission Headquarters at the following address:

NRT Technology Corp.
Settlement Order
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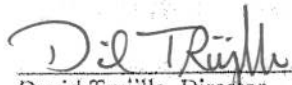
CR 2013-02328

Washington State Gambling Commission
Attention: Communications and Legal Division
P.O. Box 42400
Olympia, WA 98504-2400

or delivered (in person or via private courier) to the following address:

Attention: Communications and Legal Division -- Fines
4565 7th Avenue SE; Third Floor
Lacey, WA 98503

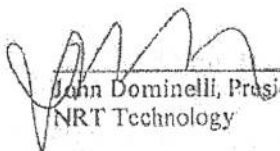
or paid online through My Account.

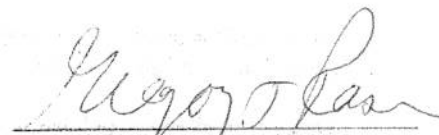

David Trujillo, Director,
Washington State Gambling Commission

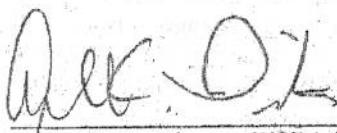
9/22/2014
(Date Signed)

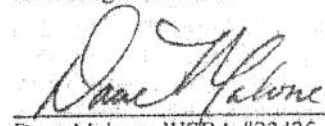
APPROVED FOR ENTRY:
By its signature, the licensee
understands and accepts the terms
and conditions of this Order.

APPROVED AS TO FORM:

 - Sep 17, 2014
John Dominelli, President and CEO (Date)
NRT Technology


Gregory Rosen, WSBA# 15870
Assistant Attorney General
Representing the Washington State
Gambling Commission


Arlene K. Dennistoun, WSBA #28760
Staff Attorney, Washington State
Gambling Commission

 9/17/14
Dave Malone, WSBA #23435 (Date)
Attorney Representing,
NRT Technology